



Seattle City Employees' Retirement System  
Board of Administration  
Cecelia M. Carter, Executive Director

Office Use Only
Retirement #:

### APPLICATION FOR WITHDRAWAL OF CONTRIBUTIONS

***This application is for those members who are leaving City employment, are not eligible to retire or chose not to vest, and want to withdraw their accumulated contributions with interest (ACWI) from Seattle City Employees' Retirement System.***

Please read each of the provisions below carefully, and acknowledge your understanding and acceptance by initialing each provision.

(INITIAL)

\_\_\_\_\_ I understand that upon withdrawal of my contributions with interest, I will no longer be a member and will lose all rights associated with membership in the Seattle City Employees' Retirement System.

\_\_\_\_\_ I understand that by withdrawing my funds rather than retiring, I am not eligible to receive a payout or rollover of my unused sick leave.

\_\_\_\_\_ I understand that if I return to City service I have the right to re-deposit the amount withdrawn subject to the Section 4.36 of the Municipal Code and rules established by the Board of Administration; and that in doing so, I will regain service credit in the Seattle City Employees' Retirement System.

\_\_\_\_\_ I acknowledge receipt of the attached document, **Special Tax Notice Regarding Plan Payments.**

The refund of contributions with interest you receive from the Seattle City Employees' Retirement System is subject to Federal income tax withholding, unless you directly transfer your refund to an IRA or other qualified plan. Taxes will only be withheld from the portion of your refund that has not been previously taxed. Possible tax penalties for early withdrawal may also apply.

(CHECK ONE)

- ☐ ***I want to transfer my refund directly to an IRA or other qualified plan.*** (If you checked this option, please complete the attached "Transfer Election Form" and return it to SCERS with this form. The non-taxable portion of your refund, if any, will be mailed to the address you have provided on this form.)
- ☐ ***I do not want to transfer my refund directly to an IRA or other qualified plan.*** (You will have **20%** of your refund withheld for Federal Income Tax purposes.)

### **FEDERAL LAW ALLOWS 30 DAYS FROM THE DATE OF YOUR APPLICATION TO CHANGE YOUR MIND AS TO HOW YOUR FUNDS ARE HANDLED.**

(It takes approximately 10 business days from the date of termination or submittal of your application, whichever is later, to process your application.) Your department Personnel Representative initiates the employment separation process. If you wish to expedite the process, it is **your responsibility** to inform your department to process your separation records.

(Continue on the reverse side)

Printed Name: _____	
Address: _____	
City: _____	
State: _____	Zip: _____
Phone #: _____	Cell #: _____
SS #: _____	Birth Date: _____
Title _____	Date Separated: _____
Department: _____	

(CHECK ONE)

- ☐ Mail my refund to the address above.
- ☐ Hold my refund for pick-up at the Retirement Office
- ☐ Transfer \$\_\_\_\_\_ to the IRA/Plan listed on the attached Transfer Form

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

*Your signature will be verified by 2 SCERS staff. Please provide a picture ID:*

**Picture ID #:** \_\_\_\_\_

**SCERS Witness 1:** \_\_\_\_\_  
*Signature* *Printed Name*

**SCERS Witness 2:** \_\_\_\_\_  
*Signature* *Printed Name*

***YOUR SIGNATURE MUST BE NOTARIZED, UNLESS YOU SIGN IT IN SCERS' OFFICE***

On the \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_ the above-named person, \_\_\_\_\_  
 known to me to be the individual described in and who executed the foregoing instrument, and s/he duly  
 acknowledged to me that s/he executed the same.

***Signature of Notary:*** \_\_\_\_\_

***Printed Name of Notary:*** \_\_\_\_\_

***My Commission Expires:*** \_\_\_\_\_

**NOTICE:**

In order to process your "Application for Withdrawal of Contributions", you must provide a copy of your Social Security Card to comply with the Internal Revenue Service requirement that the name of anyone withdrawing funds be spelled exactly as reflected in Social Security's records. If you do not have an accurate Social Security Card in your possession, you may request a duplicate or new card by calling 1-800-722-1213 or downloading an application from <http://www.ssa.gov>.

## **TRANSFER ELECTION FORM**

<b>Participant Information</b>
Name: _____
Address: _____
City: _____
State: _____ Zip: _____
Phone #: _____ Cell #: _____
SS #: _____

## **TRANSFER TO IRA OR OTHER PENSION/PROFIT-SHARING PLAN**

<b>Transfer Information</b>
Name of Plan/IRA: _____
Address: _____
City: _____ State: _____ Zip: _____
Participant IRA/Plan Account #: _____
If applicable, are you requesting transfer of the nontaxable portion of your distribution? <input type="checkbox"/> Yes <input type="checkbox"/> No
Taxable Rollover: \$ _____ Non-Taxable Rollover: \$ _____

### **Transfer Authorization:**

I request that the Seattle City Employees' Retirement System directly transfer (i.e., rollover) the taxable portion of my refund (and, if applicable, the non-taxable portion) to the Trustee, Custodian, or Insurer listed above as soon as reasonably possible after receiving this Transfer Election form.

I have determined that my new employer's plan or IRA listed above accepts direct transfers. If I am requesting transfer of the non-taxable portion of my distribution, I have confirmed that my new employer's plan will accept and separately account for such amount. I have notified the Trustee, Custodian or Insurer of that plan that I am directing the Trustee of the Seattle City Employees' Retirement System (the "Plan") to directly transfer my distribution to the plan listed above.

I confirm that the information on this Transfer Election Form is complete and accurate. The Plan Trustee may conclusively rely on this Transfer Election Form without further inquiry.

**Printed Name:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Signature of Participant:** \_\_\_\_\_

## **SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS**

***(IRS Safe Harbor Notice)***

---

### **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the Seattle City Employees' Retirement System (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payer will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information about Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

### **General Information about Rollovers**

#### ***1. How can a rollover affect my taxes?***

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

#### ***2. Where may I roll over the payment?***

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

#### ***3. How do I do a rollover?***

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to rollover the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

#### **4. *How much may I roll over?***

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Required minimum distributions after age 70½ (or after death);
- Hardship distributions;
- ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of the insurance paid by the Plan;
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP 9also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

The Plan administrator or the payer can tell you what portion of a payment is eligible for rollover.

#### **5. *If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?***

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of the life insurance paid by the Plan;
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to the amount of your deductible medical expenses;
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

**6. *If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?***

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- There are additional exceptions for (1) payments for qualified higher education expenses; (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

## **7. Will I owe state income tax?**

This notice does not describe any state or local income tax rules (including withholding rules).

### **Special Rules and Options**

#### **1. If your payment includes after-tax contributions:**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of payment that includes after-tax contributions, but only up to the amount of the payment that should be taxable if not rolled over.

#### **2. If you miss the 60-day rollover deadline:**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

#### **3. If you have an outstanding loan that is being offset:**

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset and will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

**4. *If you were born on or before January 1, 1936:***

If you were born on or before January 1, 1936, and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

**5. *If your payment is from a governmental section 457(b) plan:***

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If your payment includes employer stock that you do not roll over” and “If you were born on or before January 1, 1936” do not apply.

**6. *If you roll over your payment to a Roth IRA:***

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1, of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.



**7. *If you are a non-resident alien:***

If you are a non-resident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Non-resident Aliens and Foreign Entities.

**8. *Other special rules:***

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise a mandatory cash out of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payer. A mandatory cash out is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information see IRS Publication 3, Armed Forces' Tax Guide.

**FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or payer, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORM.